FEDERAL PUBLIC SERVICE COMMISSION
COMPETITIVE EXAMINATION-2023
FOR RECRUITMENT TO POSTS IN BS-17
UNDER THE FEDERAL GOVERNMENT

Roll Number

ECONOMICS, PAPER-I

TIME ALLOWED: THREE HOURS	PART-I (MCQS)	MAXIMUM MARKS = 20
PART-I(MCQS): MAXIMUM 30 MINUTES	PART-II	MAXIMUM MARKS = 80

NOTE: (i) Part-II is to be attempted on the separate **Answer Book.**
  (ii) Attempt **ONLY FOUR** questions from **PART-II**. **ALL** questions carry **EQUAL** marks.
  (iii) All the parts (if any) of each Question must be attempted at one place instead of at different places.
  (iv) Write Q. No. in the Answer Book in accordance with Q. No. in the Q.Paper.
  (v) No Page/Space be left blank between the answers. All the blank pages of Answer Book must be crossed.
  (vi) Extra attempt of any question or any part of the question will not be considered.

PART-II

Q. No. 2. Is the slope of an indifference curve at a particular point known as the marginal rate of substitution (MRS)? Justify your answer with a graph. If good 1 is a 'neutral', what is its MRS for good 2? **(20)**

Q. No. 3. Define opportunity costs and explain why the economic definition of profit requires that we value all inputs and the outputs at their opportunity cost? **(20)**

Q. No. 4. Briefly describe the functions of International Monetry Fund (IMF). How does the IMF help countries trapped in financial issues? **(20)**

Q. No. 5. The central bank in a country is responsible for its monetary policy. What are the objectives and tools of monetary policy? Use diagrams to explain your answer. **(20)**

Q. No. 6. What is the theory of liquidity preferences? How does it explain the downward slope of the aggregate-demand curve? Use the theory of liquidity preference to explain how a decrease in the money supply affects the aggregate-demand curve in a closed economy. **(20)**

Q. No. 7. Considering the current economic scenario of our economy, recommend an effective policy framework that can reduce budget deficit and improve the developmental outlook. **(20)**

Q. No. 8. Write short notes on any **FOUR** of the following: **(5 each)** **(20)**

  a. Public Goods
  b. Draw self-explanatory functions of: MPC, Aggregate demand, Multiplier
  c. Cost minimization by a small firm.
  d. Two methods of national income accounting.
  e. Fuel poverty
  f. Welfare economics

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